

# Residential Aggregation Program

Appearing on the March 20 ballot will be a referendum regarding the City's aggregation of residential Commonwealth Edison accounts. The referendum would allow the municipality to seek competitive quotes for its residents' power costs, to see if they can beat the ComEd rate. If a lower rate is available, residents would then purchase their power through a new supplier. The power would continue to be billed and delivered by ComEd.

## Overview - What is municipal aggregation of electricity?

Aggregation in general refers to many customers joining together to form a buying group. Municipal aggregation refers specifically to the situation where a municipality organizes the pooling of its citizens to become the buying group. The municipality then seeks out offers on behalf of its constituents to get better pricing, terms and services than would be available to an individual. Similar to garbage collection contracts, the municipality will have the authority to negotiate on behalf of its entire community.

## Why is this possible?

The State of Illinois amended the deregulation legislation allowing municipalities to aggregate their residential and small business. Through deregulation municipalities can seek competitive bids for the energy and move to other suppliers if their pricing is more attractive. ComEd is no longer the only company that supplies electricity, but everyone continues to use ComEd to deliver the power, even if it is purchased by other suppliers.

## How does it work?

In order for the City to create a municipal aggregation program a referendum must be approved by a majority of votes. The City approved a resolution providing for the referendum question to appear on the next ballot on March 20, 2012. The referendum asks:

**"Shall the City have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such program?"**

If the referendum is approved, the City may create a Plan of Operation and Governance, and hold at least two public hearings to discuss this plan. Once the plan is in place, the City can solicit proposals and bids from suppliers who are licensed as alternative electric suppliers in the State of Illinois. Bids are reviewed, and the City determines if and who it will enter into an agreement with for energy supply. If favorable pricing does not exist, the City will not enter into an agreement, and remain with ComEd.

Based on the timing of the above process, a City aggregation program would not become effective until late summer or fall of 2012 at the earliest.

## How will this affect ComEd?

ComEd will continue to bill you. ComEd will continue to respond to power outages.

## **How do I enroll?**

You do not have to do anything to enroll. All eligible residents and small businesses will be automatically included in the program unless they choose to "opt-out". A letter will be sent with details of the price and terms prior to any enrollment. If you do not respond to the letter sent to you, Commonwealth Edison will complete the enrollment process. However, if you do not want to enroll in the program, you have until a specific date, to opt-out.

## **How will this affect me?**

If an aggregation program is created, all residents and small businesses will be automatically enrolled in the program unless they "opt-out" before the aggregation program begins, all residents would receive notice to opt out of the program.

Regardless of whichever option residents and businesses chose ComEd remains the utility provider delivering electricity to homes and businesses. Residents would continue to receive a ComEd bill and would continue to call ComEd in case of an outage of service need. The only difference would be a change in the supply rate of the electricity bill.

## **History**

19 Illinois municipalities passed referenda on the April 2011 ballot to begin the aggregation process. Estimates of 100+ other communities, drawn by lower supplier pricing, are considering putting referenda on the March 2012 ballot to continue in the process of establishing a municipal aggregate program with the hope of providing savings for residential and small business customers.

## **Will I get two bills?**

No, you will continue to get one bill from ComEd. You will continue to send your monthly payment to ComEd.

## **Will the aggregation program affect the reliability of ComEd Service?**

No. The aggregation program will have no impact upon the reliability of service you receive from ComEd.

## **Will I still be a ComEd customer?**

Yes. ComEd still provides the distribution of electricity and will still be responsible for delivery services: reading meters, maintaining equipment, responding to outages, etc.

## **What if I have already selected another electric supplier?**

If you have already signed up for another power supplier on your own, you will not be included in the aggregation program. You may, however, opt-out of your current program and then join the City's program. You should first determine if your current supplier would charge an early termination fee to move.



## **If I heat my home with electricity, will I be included in the aggregation program?**

No. ComEd provides a subsidized rate for homes and businesses with electric heat. These customers will be excluded from the aggregation. For more information on electric heat, visit: [www.pluginillinois.org](http://www.pluginillinois.org), and click on "Utility Space Heating Rate".

## **What constitutes a small commercial business?**

Currently, "small commercial" is defined as an account having a peak demand of 100kW. A typical McDonalds is about 50kW. But this definition is being challenged at the ICC currently and may be re-defined by the ICC at a much smaller level.

## **Are there any downsides to municipal aggregation?**

A municipality is not obligated to accept unfavorable bids, and any individual account holder could opt out of the program. If bids do not realize savings, they could be rejected and the residents would remain unchanged at ComEd. There is no obligation for the municipality to accept any bid.

### **Resources:**

- Public Act 096-0176 - Amendment to Illinois Power Agency Act
- <http://trib.in/swWiOL> .
- Plug In Illinois
- Citizen's Utility Board
- List of Communities with an Opt-out Municipal Aggregation Program

**For more information about electricity aggregation, contact, 1- 800-856-3404**

Nineteen (19) communities in Illinois are now buying their electric power from suppliers other than ComEd. The average resident is saving \$150 to \$175/ year. ComEd continues to bill each resident, and continues to repair any outages. The City will be placing a referendum on the upcoming March 2012 ballot to determine if residents would like the City to pursue similar savings.

If approved, the referendum would allow the City to solicit bids on behalf of residents and small business to buy electric power on the open (de-regulated) energy market. The goal is to secure lower electric supply rates for residents and small businesses in our community.

Since the State of Illinois deregulated electric power providers, 75 percent of commercial volume has switched to buy power from suppliers other than ComEd. Conversely, few residents have moved to lower-cost energy suppliers. As a result, the State of Illinois created legislation allowing communities to leverage residential accounts by engaging in a process of "Municipal Aggregation", thus enabling municipalities to solicit competitive bids from suppliers on behalf of the entire community. This is similar to the way a City sets rates for garbage collection or cable suppliers.

To engage in the Municipal Aggregation process, residents must vote yes on a referendum on the March 2012 ballot.

The Municipal Aggregation process should provide us with a 'win-win' scenario. Even if the resolution passes, the City is under no obligation to switch suppliers. The resolution simply gives the City the right to solicit competitive bids. The City can determine whether bid terms and pricing are compelling enough to move residents' accounts in mass to a new, lower cost supplier. If not, all residents will remain with ComEd for the next 2 months.

ComEd service will not change: ComEd would continue to manage and maintain the network (of stations and wiring) that delivers your electric power. Residents will continue to call ComEd in the event of a power outage. Residents will still be customers of ComEd's delivery system and receive bills from ComEd with the only difference being the name on the line item for power supplier.

Should the municipality choose a new energy supplier, the supplier will contact each electric account to offer them the opportunity to 'opt out' of the new plan. The resident can return a short form provided by the energy supplier, stating their desire to "opt out" and continue to purchase power from ComEd.

Residential electric rates are set once annually by ComEd. ComEd earns no income from the sale of electric power; they simply distribute it. As such, they are "indifferent" from what supplier a community chooses to buy its power.

The City will be placing a Referendum on the March 2012 ballot. If the majority of voters concur, then the City can seek lower electric rates for its residents. A sample of Referendum to appear on March 2012 ballot.

Should the City have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such program?	YES NO
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## Frequently Asked Questions

**Q: How can the City purchase electric power at a lower cost?**

A: The State of Illinois has deregulated energy markets, allowing competing companies to offer electric power. Municipalities can leverage residents' electric accounts to seek competitive bids for lower electric rates.

**Q: Who do I contact if there is a power outage or downed lines?**

A: Call ComEd. By State Law, ComEd will continue to be paid to deliver electric power to homes and businesses and handle all emergency repairs.

**Q: Why is this opportunity available?**

A: This is the last part of the deregulation process. Until this Act was amended, only large industrial, commercial and governmental entities could seek competitive bids for lower rates, and three-quarters of them do. Now residents can, too.

**Q: What if I don't want to participate in the program?**

A: Residents will have multiple opportunities to "Opt Out" of the program, which will be your right by law. You can continue to buy power through ComEd, although the rate will most likely be higher.

**Q: What happens if the City cannot obtain bids for better rates than ComEd offers?**

A: Your account would stay with ComEd, who would continue to be your power provider and the local distribution company. Either way, ComEd will remain your distributor. By voting YES on the referendum, ComEd will compete with power suppliers from throughout the Midwest to provide our power.

**Q: Why is the City doing this?**

A: The City wants to help you buy your power at lower rates. As a governmental organization, we want to take advantage of the new law that was enacted to benefit our residents and small businesses. If a savings of \$125 to \$175 / year can be achieved, you could use those monies for other purchases.

**Q: What if I don't want a governmental entity to choose my electric power?**

A: A government agency (The Illinois power Agency) has been setting the Energy rate for ComEd for several years already. Now, with deregulation you have more options and the choice to "Opt Out".